

Independent Accountant's Report
On Applying Agreed-Upon Procedures

June 8, 2021

To the Board Members
Louisiana Rice Promotion Board
Crowley, Louisiana

We have performed the procedures enumerated below as they are a required part of the engagement. We are required to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, we have marked "not applicable."

Management of the Louisiana Rice Promotion Board, a component unit of the State of Louisiana, is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the Louisiana Rice Promotion Board and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the Louisiana Rice Promotion Board's compliance with certain laws and regulations during the year ended June 30, 2020.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories, as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
No Exceptions Noted.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) the preparation and approval process of purchase requisitions and purchase orders; (3) controls to ensure compliance with the public bid law or state purchasing rules and regulations; and (4) documentation required to be maintained for all bids and price quotes.
No Exceptions Noted.
 - c) ***Disbursements***, including processing, reviewing, and approving.
No Exceptions Noted.

- d) **Receipts**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue.
No Exceptions Noted.
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
Not Applicable.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) approval process, and (4) monitoring process.
No Exceptions Noted.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.
Not Applicable.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (2) documentation requirements, (3) time-frame in which requests must be submitted and (4) required approvers
No Exceptions Noted.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirements that all employees annually attest through signature verification that they have read the entity's ethics policy.
No Exceptions Noted.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
Not Applicable.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
No Exceptions Noted

Annual Fiscal Report (AFR)

2. Obtain the financial statements from the AFR submitted to the Division of Administration's (DOA) Office of Statewide Reporting and Accounting Policy for the current and prior periods. Perform analytical procedures comparing current and prior period amounts, by line item. Report any variances of 10% or greater for line items that are 10% or more of the respective total assets/deferred outflows of resources, liabilities/deferred inflows of resources, net position, revenues, or expenses, and management's explanation of the variance.

Exception: Cash- 33% higher, Receivables- 60% lower, Accounts Payable- 41% lower, and Other Revenues- 21% lower.

Management's Response/Corrective Action: Variations are due to timing of payments and are out of the boards' control.

Board Minutes/Meetings

3. Obtain and inspect the board minutes for the fiscal period, as well as the board's enabling legislation, charters, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

No Exceptions Noted.

- b) Observe that the minutes referenced or included monthly budget to actual comparisons.

No Exceptions Noted.

- c) Access the entity's online information included in the DOA's boards and commissions database (<https://www.cfrd.doa.louisiana.gov/boardsandcommissions/home.cfm>) and observe that the entity submitted board meeting minutes for all meetings during the fiscal period.

No Exceptions Noted.

Bank Reconciliations

4. Obtain a listing of bank accounts for the fiscal period from management and management's representation that the listing is complete. For each of the bank accounts in the listing provided by management, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date;

No Exceptions Noted.

- Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation;

No Exceptions Noted.

- Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period;

Not Applicable

- The reconciled balance for the final month of the fiscal period agrees to the general ledger

No Exceptions Noted.

Collections/Receipts

5. Obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties), and observe that job duties for collections are properly segregated such that:

- Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts or license applications received) to the deposit.
No Exceptions Noted.
 - Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
No Exceptions Noted.
 - The employee(s) responsible for reconciling cash collections to the general ledger by revenue source are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
No Exceptions Noted.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
Not Applicable
7. Randomly select 5 deposit dates for each of the bank accounts. Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 5 deposits for each bank account and:
- a) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
Exception: Outside CPA does not use sequentially pre-number receipts or other collection documentation.
Management's Response/Corrective Action: Generic deposit slips issued by the bank are used in order to save money on the cost of having special bank deposit books printed.
 - b) Trace the deposit slip total to the actual deposit per the bank statement.
No Exceptions Noted.
 - c) Observe that the deposit was made within one business day of collection (within one week if the depository is more than 10 miles from the collection location or deposit is less than \$100).
Exception: There was no collection date documented.
Management's Response/Corrective Action: Generic deposit slips issued by the bank are used in order to save money on the cost of having special bank deposit books printed.
 - d) Trace the actual deposit per the bank statement to the general ledger.
No Exceptions Noted.
8. Obtain and inspect written policies and procedures (if no written policies and procedures, inquire to management) and observe that there is a process performed to determine completeness of all collections, including electronic transfers, for each revenue source (e.g. periodic confirmation with outside parties, reconciliation of receipt number sequences, reasonableness of cash collections based on licenses issued) by a person who is not responsible for collections.
No Exceptions Noted.

9. For licensing boards, obtain a list of initial and renewal licenses granted during the period from management and management's representation that the listing is complete. Randomly select 10 individual applicants from the listing and obtain the supporting documentation (e.g. application, copy of check) from management and:
- Observe that the fee paid for license was the appropriate fee based on the applicable fee schedule established by the board or statute.
Not Applicable.
 - If a penalty was assessed (e.g. late fee), observe that the penalty was assessed and collected in accordance with the board's policies.
Not Applicable.
10. For levee districts, obtain independent confirmation of the tax amounts received from the appropriate parish Sheriff's offices. Observe that the confirmed amount agrees to the amount deposited by levee district.
Not Applicable.

Non-Payroll Disbursements

11. Obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties and observe that job duties are properly segregated such that:
- At least two employees are involved in initiating a purchase request, approving a purchase, and placing and order/making the purchase.
No Exceptions Noted.
 - At least two employees are involved in processing and approving payments to vendors.
No Exceptions Noted.
 - The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
No Exceptions Noted.
 - Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
No Exceptions Noted.
12. Obtain the entity's non-payroll disbursement transaction population and obtain management's representation that the population is complete. Randomly select 5 disbursements, obtain supporting documentation for each transaction and:
- Observe that the disbursement matched the related original invoice/billing statement.
No Exceptions Noted.
 - Observe that the disbursement documentation included evidence of segregation of duties tested under #11, as applicable.
No Exceptions Noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

13. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete. Randomly select 2 monthly statements or combined statements for each card, obtain supporting documentation, and:
- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g. original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.
Not Applicable.
 - b) Observe that finance charges and/or late fees were not assessed on the selected statements.
Not Applicable.
14. Using the monthly statements or combined statements selected under #13 above, obtain supporting documentation for all transactions included on the monthly statements or combined statements for each of the five cards selected (i.e. each of the five cards should have one month of transactions subject to testing). For each transaction, observe that the transaction is supported by (1) An original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.
Not Applicable

Travel and Travel-Related Expense Reimbursement

15. Obtain from management a listing of all travel and travel-related expense reimbursements paid to employees and board members during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursements forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana in PPM49 or the U.S. General Services Administration.
Not Applicable
 - If reimbursed using actual cost, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
Not Applicable
 - Observe that each reimbursement is supported by documentation of the business/public purpose and other documentation.
Not Applicable
 - Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.
Not Applicable

Contracts

16. Obtain from management a listing of all agreements/contracts for professional services, materials, and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts from the listing, excluding the practitioner's contract, and:

➤ Observe that the contract was bid in accordance with the Louisiana Public Bid Law or Louisiana Procurement Code (e.g. solicited quotes or bids, advertised), if required by law.

Not Applicable.

➤ Observe that the contract was approved by the governing body/board, if required by policy.

No Exceptions Noted.

➤ If the contract was amended, observe that the original contract terms provided for such an amendment.

Not Applicable.

➤ Randomly select one payment from the fiscal period of each of the five contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No Exceptions Noted.

Payroll and Personnel

17. Obtain a listing of employees during the fiscal period and management's representation that the listing is complete. Randomly select five employees, obtain related paid salaries and their personnel files, and agree actual paid salaries to the authorized salaries/pay rates in the personnel file.

Not Applicable.

18. Obtain attendance and leave records and randomly select 2 pay period during the fiscal periods in which leave has been taken by at least one employee, and:

a) Observe that all selected employees documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Not Applicable.

b) Observe that supervisors approved the attendance and leave of the selected employees.

Not Applicable.

c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Not Applicable.

19. Obtain a listing of those employees that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee cumulative leave records, and agree the pay rates to the employees' authorized pay rates in the employees' personnel files.

Not Applicable.

20. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Not Applicable.

Ethics

21. Using the five randomly selected employees from procedure #17 under "Payroll and Personnel" above, obtain ethics compliance documentation from management, and:

➤ Observe that the documentation demonstrates each employee completed one hour of ethics training during the fiscal period.

Not Applicable.

➤ Observe that the documentation demonstrates each employee attested through signature verification that he or she read the entity's ethics policy during the fiscal period.

Not Applicable.

22. Obtain a listing of board members from management. Randomly select five board members and observe documentation to demonstrate that required annual ethics training was completed.

No Exceptions Noted.

Budget

23. Obtain a copy of the legally adopted budget, including all amendments, and the board minutes. Observe the minutes contain approval of the budget and amendments.

No Exceptions Noted.

24. Compare the total revenues and total expenditures of the final budget to actual total revenues and total expenditures on the financial statements or AFR. Report variances of 10% or greater.

No Exceptions Noted.

25. Inquire of management whether the entity has updated its budget information in the DOA's boards and commissions database referred to in #3 above for the current fiscal period (i.e. period covered in these procedures). Access the online database and obtain the budget information for the current fiscal period. Observe that the budget information contained in the database agrees to the budget adopted by the entity's board.

No Exceptions Noted.

Debt Service

26. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Not Applicable.

27. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Not Applicable.

Sexual Harassment

28. Obtain and inspect the entity's written sexual harassment policies and procedures and observe that they address all requirements of R.S. 42:342-344, including agency responsibilities and prohibitions; annual employee training; and annual reporting requirements.

Exceptions: The Board did not provide a sexual harassment policy.

Management's Response/Corrective Action: At the latest meeting, the discussion of the Sexual Harassment Policy and Training Requirement was addressed. The Board will draft and adopt a sexual harassment policy at its next board meeting. Board members will complete the training this year.

29. Obtain a listing of employees/board members employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/board members, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/board member completed at least one hour of sexual harassment training during the calendar year.

Exceptions: None of the Board members completed sexual harassment training during the calendar year.

Management's Response/Corrective Action: At the latest meeting, the discussion of the Sexual Harassment Policy and Training Requirement was addressed. The Board will draft and adopt a sexual harassment policy at its next board meeting. Board members will complete the training this year.

30. Observe that the entity has posted its sexual harassment policy and complaint procedures on its website.

Exceptions: No sexual harassment policy and complaint procedure was listed on the website.

Management's Response/Corrective Action: At the latest meeting, the discussion of the Sexual Harassment Policy and Training Requirement was addressed. The Board will draft and adopt a sexual harassment policy at its next board meeting. Board members will complete the training this year.

31. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344.

No Exceptions Noted.

Other

32. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

No Exceptions Noted.

33. Observe that the entity has posted on its premise and website, the notice required by R.S. 24:523,1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Exception: The required notice was not posted on the website.

Management's Response/Corrective Action: The website will be updated.

Summary of Current Year Findings

2020-01: Obtain the financial statements from the AFR submitted to the Division of Administration's (DOA) Office of Statewide Reporting and Accounting Policy for the current and prior periods. Perform analytical procedures comparing current and prior period amounts, by line item. Report any variances of 10% or greater for line items that are 10% or more of the respective total assets/deferred outflows of resources, liabilities/deferred inflows of resources, net position, revenues, or expenses, and management's explanation of the variance.

Exception: Cash- 33% higher, Receivables- 60% lower, Accounts Payable- 41% lower, and Other Revenues- 21% lower.

Management's Response/Corrective Action: Variations are due to timing of payments and are out of the boards' control.

2020-02: Randomly select 5 deposit dates for each of the bank accounts. Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 5 deposits for each bank account and:

- e) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Exception: Outside CPA does not use sequentially pre-number receipts or other collection documentation.

Management's Response/Corrective Action: Generic deposit slips issued by the bank are used in order to save money on the cost of having special bank deposit books printed.

- f) Observe that the deposit was made within one business day of collection (within one week if the depository is more than 10 miles from the collection location or deposit is less than \$100).

Exception: There was no collection date documented.

Management's Response/Corrective Action: Generic deposit slips issued by the bank are used in order to save money on the cost of having special bank deposit books printed.

2020-03: Obtain and inspect the entity's written sexual harassment policies and procedures and observe that they address all requirements of R.S. 42:342-344, including agency responsibilities and prohibitions; annual employee training; and annual reporting requirements.

Exceptions: The Board did not provide a sexual harassment policy.

Management's Response/Corrective Action: At the latest meeting, the discussion of the Sexual Harassment Policy and Training Requirement was addressed. The Board will draft and adopt a sexual harassment policy at its next board meeting. Board members will complete the training this year.

2020-04: Obtain a listing of employees/board members employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/board members, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/board member completed at least one hour of sexual harassment training during the calendar year.

Exceptions: None of the Board members completed sexual harassment training during the calendar year.

Management's Response/Corrective Action: At the latest meeting, the discussion of the Sexual Harassment Policy and Training Requirement was addressed. The Board will draft and adopt a sexual harassment policy at its next board meeting. Board members will complete the training this year.

2020-05: Observe that the entity has posted its sexual harassment policy and complaint procedures on its website.

Exceptions: No sexual harassment policy and complaint procedure was listed on the website.

Management's Response/Corrective Action: At the latest meeting, the discussion of the Sexual Harassment Policy and Training Requirement was addressed. The Board will draft and adopt a sexual harassment policy at its next board meeting. Board members will complete the training this year.

2020-06: Observe that the entity has posted on its premise and website, the notice required by R.S. 24:523,1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Exception: The required notice was not posted on the website.

Management's Response/Corrective Action: The website will be updated.

Summary of Prior Year Findings

2019-01: Obtain the financial statements from the AFR submitted to the Division of Administration's (DOA) Office of Statewide Reporting and Accounting Policy for the current and prior periods. Perform analytical procedures comparing current and prior period amounts, by line item. Report any variances of 10% or greater for line items that are 10% or more of the respective total assets/deferred outflows of resources, liabilities/deferred inflows of resources, net position, revenues, or expenses, and management's explanation of the variance.

Exception: Receivables and Payables each increased by \$49,000 or 223%.

Management's Response/Corrective Action: The receivables and payables increased in the current year because the 2018 accounts were lower than usual due to the rice crop being marketed later in the year than normal. The rice crop was harvested earlier in 2019 leading to higher receivables and payables.

2019-02: Select the highest (dollar) week or cash collections from the general ledger or other accounting records (e.g. cash collection log, daily revenue reports, receipt book, etc.) during the final period. Obtain supporting documentation for each deposit made during the selected week and:

- Trace sequentially numbered receipts, system reports, and other related collection documentation to the deposit slip.

Exception: Receivables and Payables each increased by \$49,000 or 223%.

Management's Response/Corrective Action: The receivables and payables increased in the current year because the 2018 accounts were lower than usual due to the rice crop being marketed

later in the year than normal. The rice crop was harvested earlier in 2019 leading to higher receivables and payables.

- Observe that the deposit was made within one business day of collection (within one week if the depository is more than 10 miles from the collection location or deposit is less than \$100).

Exception: There was no collection date to compare to the deposit date.

Management's Response/Corrective Action: Generic deposit slips issued by the bank are used in order to save money on the cost of having special bank deposit books printed.

2019-03: Obtain and inspect written policies and procedures (if no written policies and procedures, inquire to management) and observe that there is a process performed to determine completeness of all collections, including electronic transfers, for each revenue source (e.g. periodic confirmation with outside parties, reconciliation of receipt number sequences, reasonableness of cash collections based on licenses issued) by a person who is not responsible for collections.

Exception: No written documentation was provided regarding a process specifically designed to determine completeness of all collections.

Management's Response/Corrective Action: Regarding our process of determining completeness of all collections, we have such a small number of deposits and limited sources of funds that we can determine the completeness of collections during the bank reconciliation process.

We were not engaged to perform, and we did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we preformed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the procedures performed and the results of those procedures to assist the users in assessing certain controls and management's assertions about compliance with laws and regulations, and not to provide an opinion on controls or compliances. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

TWRU

CPAs & Financial Advisors
Baton Rouge, Louisiana